

**AMENDMENTS**

Please amend the present application as follows:

***In the Specification***

The following is a copy of portions from Applicants' specification as filed that identifies language being added with underlining ("\_\_\_\_") and language being deleted with strikethrough ("~~—~~"), as is applicable:

For the paragraph beginning on page 2, line 9, please amend as follows:

Preferred embodiments of the invention can be understood in the context of a set-top terminal (~~SST~~) (STT) in a subscriber television system. In one embodiment of the invention, a non-compressed digitized video sequence is encoded in a first compressed format and is stored in a storage device as a video stream. At a later time, segments comprising a plurality of compressed pictures of the video stream are retrieved from the storage device in a sequential manner from a starting point and then decoded and reconstructed into respective non-compressed digitized pictures. After one or more pictures in the video stream are decoded and stored in memory, they are encoded into a second compressed format and stored in the storage device. A portion of the video stream that is in a first compressed format, and for which a copy has been created in a second compressed format, may be deleted. The second compressed format allows the video stream to be encoded using fewer bits, and, as a result, less storage capacity is used for storing the video stream. This and other embodiments will be described in more detail below with reference to the accompanying drawings.

For the paragraph beginning on page 8, line 7, please amend as follows:

As will be described in more detail below, in a second operating mode, a transcoding operation is performed in real-time by accessing consecutive segments of a first compressed stream from storage device 263 in an orchestrated fashion according to the availability of resources in the STT ~~220~~ 200. Note that consecutive pictures in any compressed stream are not necessarily in a picture display order but may be ordered according to the syntax and semantics of the respective video compression format employed to encode the compressed stream.

For the paragraph beginning on page 8, line 29, please amend as follows:

A plurality of compression engines 217 may be used to simultaneously compress a plurality of analog video programs. Alternatively, a single compression engine 217 with sufficient processing capabilities may be used to compress a plurality of analog video programs. Compressed digital versions of respective analog video programs may be stored in the storage device 263. Data annotations for each generated compressed video stream may be performed to facilitate future retrieval of the video streams from storage device ~~273~~ 263 (e.g., for performing a transcoding operation).